Republican Themes
Subcommittee Hearing on Extending Unemployment Benefits
April 10, 2008

1. Today's unemployment rate is a relatively low 5.1%.

    a. Since January 1970, 80% of months had unemployment rates of 5.0% or higher. During the Clinton Administration (1993-2000), the average unemployment rate was 5.2% -- higher than today's level.
    b. The U.S. has never created a temporary extended benefits program at such a low unemployment rate. (The lowest was 5.7% in March 2002.)

2. Especially now, any effort to extend unemployment benefits should be <u>targeted</u> to States with high unemployment rates where jobs are hardest to find.

3. That is exactly what Rep. Weller's "*TARGET Act*" (H.R. 5688) would do – provide extended benefits in States where unemployment rates are high.

    a. The *"TARGET Act"* builds on the permanent extended benefits program, but with longer benefits for workers, easier access for States experiencing high unemployment, and more generous Federal funding.

4. Experts agree <u>untargeted</u> programs actually extend unemployment.

    a. "Extending the duration of benefits or increasing their size means that at least some recipients may remain unemployed longer than they would have without that aid. The effect is probably most pronounced when jobless rates are relatively low." (CBO Report, "*Options for Responding to Short-Term Economic Weakness*, January 2008, p. 17)

5. Untargeted programs threaten payroll tax hikes down the road.

    a. Current "untargeted" proposals would cost about $10-20 billion per year. Since such programs run for an average of 2.5 years, untargeted programs could cost as much as $50 billion, draining the $40 billion in today's Federal unemployment accounts and requiring payroll tax hikes.
    b. The "*TARGET Act*" would cost only a fraction as much, because it focuses benefits on workers in States where unemployment is high, such as MI (7.2%) and AK (6.6%) and other States if their unemployment rates continue to rise.